

LEE N. SMITH (#138071)  
MELISSA A. VERHAAG (#226755)  
STOEL RIVES LLP  
770 L Street, Suite 800  
Sacramento, CA 95814  
Telephone: (916) 447-0700  
Facsimile: (916) 447-4781  
Email: lnsmith@stoel.com

Attorneys for Plaintiff  
AMERIPRIDE SERVICES INC.

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

AMERIPRIDE SERVICES INC.,

Plaintiff,

v.

VALLEY INDUSTRIAL SERVICES, INC., a  
former California corporation, et al.,

Defendants.

Case No. CIV. S-00-113-LKK JFM  
(Consolidated)

**STIPULATION TO PERMIT ENTRY  
OF DEFAULT JUDGMENT AND  
JUDGMENT THEREON**

HUHTAMAKI FOODSERVICE, INC.,

Plaintiff,

v.

AMERIPRIDE SERVICES, INC.,

Defendant.

Date:  
Judge: Hon. Lawrence K. Karlton

Plaintiff AmeriPride Services Inc. ("AmeriPride"), pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 ("CERCLA"), the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 ("RCRA"), and common law causes of action brought suit against a number of parties, including, without limitation, Texas Eastern Overseas, Inc. ("TEO"). AmeriPride and TEO are collectively referred to herein as the "Parties". The Parties stipulate as follows:

1. AmeriPride is the current owner of an industrial laundry facility located at

1 7620 Wilbur Way in South Sacramento, California (the “Facility”). AmeriPride alleges that in  
 2 1997, tetrachloroethylene (PCE) contaminants were discovered beneath the facility, allegedly due  
 3 to operations of prior owners or operators of the facility. To date, there were three existing cost  
 4 recovery suits (including this one), one filed by AmeriPride (*AmeriPride v. Valley Industrial*  
 5 *Services, Inc.*, U.S.D.C. Case No. CIV. S-00-113-LKK JFM), and the second filed by the  
 6 California-American Water Company (*California-American Water Co. v. AmeriPride Services,*  
 7 *Inc.*, U.S.D.C. Case No. CIV. S-02-1479 LKK JFM) for contamination to local drinking water  
 8 wells allegedly from the site (dismissed on September 14, 2005), and the consolidated case filed  
 9 by Huhtamaki Food Service, Inc. (“Huhtamaki”) (*Huhtamaki Foodservice, Inc. v. AmeriPride*  
 10 *Services, Inc.*, U.S.D.C. Case No. CIV. S-04-1494 LKK JFM) for alleged interference with the  
 11 use of water supply wells. The court consolidated AmeriPride’s initial case and the instant case  
 12 filed by Huhtamaki on November 3, 2005. AMERIPRIDE has also filed Cross-Claims and Third  
 13 Party Claims herein against additional defendants in the other cases.

14 2. AmeriPride is a Delaware corporation authorized to do business in California, and  
 15 is the current owner of the Facility. AmeriPride is also the corporate successor to American  
 16 Linen Supply Co., which was the parent corporation of Welch’s Overall Cleaning Company, Inc.,  
 17 the entity that purchased the Facility from Mission Industries in June 1983.

18 3. Prior to June 1983, the date that American Linen Supply Company/ Welch’s  
 19 Overall Cleaning Company, Inc. purchased the Facility, site soils and the underlying groundwater  
 20 (which is the property of the State of California) had allegedly become contaminated with  
 21 hazardous substances or hazardous wastes and was physically damaged through the acts and  
 22 omission of others—including as AmeriPride alleges—TEO as successor to Valley Industrial  
 23 Services. Such contamination allegedly migrated to neighboring properties, including, but not  
 24 limited to, property now owned and operated by Huhtamaki. Welch’s Overall Cleaning  
 25 Company, Inc. was merged into AmeriPride Services Inc. in 1998.

26 4. The original Facility was believed to be constructed in or about 1960 by Valley  
 27 Industrial Laundry, which was owned by Alan Fields and Frank Wenters.

28 5. Valley Industrial Services, Inc. (“VIS, INC.”) was incorporated in 1972. VIS,

1 INC. was duly organized and existed under the laws of the State of California, and owned and  
2 operated the Facility until 1983.

3 6. During the time VIS, INC. and/or Valley Industrial Laundry owned and operated  
4 the Facility, there is evidence that dry cleaning solvents including Tetrachloroethylene, also  
5 known as Perchloroethylene ("PCE") were used.

6 7. Between 1972 and 1983 VIS operated the Sacramento Facility. During this time it  
7 was a wholly owned subsidiary of Petrolane Incorporated, a publicly held California company.

8 8. In 1983, Welch's Overall Cleaning Company, Inc. acquired the assets of several  
9 facilities including VIS, Inc.'s Sacramento location.

10 9. In 1984, Texas Eastern "acquired" Petrolane and its inactive subsidiary, VIS. In  
11 1989, Petrolane was sold to an unrelated entity. In 1990, another entity and VIS merged into  
12 Automotive Repairs, Inc. In turn, in 1991, Automotive Repairs merged into TEO. TEO, a  
13 Delaware corporation, dissolved in 1992.

14 10. In or about March 1997, AmeriPride, through its environmental consultant,  
15 performed an investigation of the soil at the Facility, in connection with AmeriPride's remodel of  
16 the Facility. The soils were found to contain PCE. In or about April 1997, the consultant  
17 submitted this information to the County of Sacramento Environmental Health Department.

18 11. Pursuant to County and Regional Board directives, AmeriPride has engaged in  
19 various investigative efforts to determine the extent and cause of the PCE contamination, all of  
20 which it contends are in compliance with the National Contingency Plan, 40 C.F.R. section 300  
21 *et seq.*

22 12. On or about January 19, 2000, AmeriPride filed its initial complaint against the  
23 following parties: Valley Industrial Services, Inc.; Petrolane, Inc.; Texas Eastern Corporation;  
24 Texas Eastern Overseas, Inc.; UGI Corporation; Amerigas Propane, Inc.; Amerigas, Inc.;  
25 Amerigas Partners, LP; Mission Linen Supply; DHM Enterprises, Inc.; Chromalloy American  
26 Corporation; and General Radiator, Inc. The First Amended Complaint was filed on or about  
27 January 20, 2000.

28 13. On July 13, 2000, the First Amended Complaint was answered on behalf of Texas

1 Eastern Overseas, Inc. asserting its dissolved status. TEO answered for itself and “as successor”  
2 to Valley Industrial Services, Inc.

3 14. The Second Amended Complaint was filed on August 1, 2000.

4 15. On September 7, 2000, the Second Amended Complaint was answered on behalf  
5 of Texas Eastern Overseas, Inc. asserting its dissolved status. TEO answered for itself and “as  
6 successor” to Valley Industrial Services, Inc.

7 16. On January 31, 2001, the parties stipulated to allow Texas Eastern Overseas, Inc.  
8 to respond to the Third Amended Complaint on or before February 23, 2001.

9 17. On February 23, 2001, the Third Amended Complaint was answered on behalf of  
10 Texas Eastern Overseas, Inc. asserting its dissolved status. TEO answered for itself and “as  
11 successor” to Valley Industrial Services, Inc.

12 18. AmeriPride estimates that its total expenditures at the site will exceed \$25 million,  
13 including costs of settlement.

14 NOW, THEREFORE, the parties agree as follows:

15 1. Pillsbury Winthrop Shaw Pittman LLP is hereby granted leave to withdraw as  
16 counsel for TEO; and

17 2. Counsel for TEO and counsel for AmeriPride have tendered AmeriPride’s claims  
18 to certain insurers. If, after sixty (60) days after notice of this Order, no counsel appears on  
19 behalf of TEO, AmeriPride may take a default judgment as against Texas Eastern Overseas, Inc.  
20 for itself and/or as successor to VIS, Inc. in the form attached hereto as Exhibit A, provided  
21 however that such judgment shall be:

22 (a) satisfied only from insurance proceeds or an insurance settlement and from no  
23 other source; and

24 (b) of no force or effect whatsoever against any other funds or assets or the funds or  
25 assets of any current or former affiliate, parent, officer or director, employee or attorney of TEO;  
26 and

27 (c) shall have no preclusive or precedential effect whatsoever except as against any  
28 insurance company; and

(d) the accompanying default judgment shall not be a final judgment on the merits, and AmeriPride hereby consents to the setting aside of this judgment within ninety (90) days of entry if TEO—through its insurers—wishes to litigate this matter.

DATED: May \_\_\_\_, 2007.

STOEL RIVES LLP

By: /s/ Lee N. Smith

LEE N. SMITH  
Attorneys for Plaintiffs  
AMERIPRIDE SERVICES INC.

DATED: May \_\_\_\_, 2007.

PILLSBURY WINTHROP SHAW  
PITTMAN LLP

By: /s/ John S. Poulos

JOHN S. POULOS  
Attorneys for Defendant  
TEXAS EASTERN OVERSEAS, INC.

**IT IS SO ORDERED.**

DATED: September 4, 2007


  
LAWRENCE K. KARLTON  
SENIOR JUDGE  
UNITED STATES DISTRICT COURT

EXHIBIT A

JUDGMENT

Pursuant to the stipulation between AmeriPride Services, Inc. (“AmeriPride”) and Texas Overseas, Inc. for itself and as a successor to VIS, Inc. (“TEO”) to permit entry of default judgment, it is hereby ORDERED, ADJUDGED, and DECREED that judgment be entered against TEO itself and successor to VIS, Inc. in the favor of AmeriPride in the amount of \$25 million.

This judgment may be satisfied with and is enforceable against only insurance proceeds, if any, from any applicable policy or insurance settlement and shall have no force or effect whatsoever against any other funds or assets or the funds or assets of any current or former affiliate, parent, officer, director, agent, attorney or employee of TEO.

It is further ORDERED, ADJUDGED, and DECREED that judgment shall have no preclusive or precedential effect whatsoever except as against any applicable insurance company. This default judgment shall not be deemed a final judgment on the merits.